Increasing interest rates have cooled the housing market, causing prices and inventory to decrease, according to local experts.

Housing market subdued by interest rates, low inventory

By Tess Kazenoff

While the first year of the pandemic brought low interest rates to the housing market, the pendulum has swung in the opposite direction throughout 2022, with some experts estimating that interest rates will continue to rise through the end of the year.

“Once we started to come out of that initial lockdown and interest rates dropped, it was so affordable to purchase that there was just this crazy frenzy,” said local real estate agent Michelle Tumanjan.

For many of Tumanjan’s clients looking to buy, there was no longer any inventory, and sellers would immediately receive multiple offers on their house right off the bat, she said.

“That was kind of a frustrating time,” Tumanjan said. “It’s never fun to tell a client they didn’t get a house.”

Nowadays, Tumanjan has many buyers who have been pre-approved, but they are faced with a less affordable situation due to interest rates nearly doubling over the past year, she said.

“A lot of people did sell when the market was hot, and they’re locked into such a great low rate,” Tumanjan said. “There’s just not a lot of inventory still, but now, not a lot of demand because people are already comfortable with the 30-year rates that they have that are extremely low.”

As of Nov. 21, the current average rate for the benchmark 30-year fixed mortgage was 7.32%, up 15 basis points since the prior week, and increases are expected to continue into 2023, according to Bankrate.

“I’ve never seen a market like the one we just experienced this year,” said Phil Jones, Realtor and past president and director of the Greater Long Beach Board of Realtors.

Particularly since mid-spring of this year, interest rates began to climb dramatically, Jones said.

“It’s kind of a shockwave that went through the economy when (the Federal Reserve) jumped the overnight rate as much as they did,” he said.

The impact on the mortgage industry was dramatic.

“As a whole, we’ve seen some large-scale, formerly strong lenders literally go out of business,” Jones said.

While major lenders typically carry 430 to 450 open loans on their books, Jones said he knew of one mortgage banker that was down to 29 by the middle of October.

“It’s an indication of how significantly it impacted lenders, buyers, sellers, the financial markets—in many ways, it’s been worse than the Great Recession," Jones said.

For first-time home buyers, “they
The office building at 4112 E. Pacific Coast Highway at the Moviestar fossil center is slated to be redeveloped into a mixed-use apartment building with hundreds of units.

Brandon Richardson // Business Journal

November 29, 2022

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Real Estate

Long Beach developer may use state law to override Hawaiian Gardens’ project veto

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monday morning coffee

Biz Brief
believe it," Price said. "That will Councilmember Suzie Price, for the wetlands. But Third District wetlands has been floated in of increasing the population of the still concerned about the impacts importance of the wetlands.”

Working together
That these projects may make a meaningful impact on the city’s housing needs, Price said, adding that the mix of one- to three-bedroom units is much needed. She said the city had to keep apartment buildings out of single-family neighborhoods to avoid traffic and parking issues. For this reason, Price said the Pacific Coast Highway was an ideal location for these projects. The develop, for their part, say they are open to working with the city and developers, Price said, adding that her office already has connected the groups. George Elum, managing director for the Holland Partner Group, said the firm plans on following the SEAP process to locate the project on the city-provided site. He said meeting with stakeholders have proven to be invaluable in the early conversations, particularly, groups worried about parking counts. Elum said the project would include the number of parking stalls to 477 for its 281 units, exceeding what is required by law. A portion of the parking stalls will be reserved for free public use. Some community benefits, however, already were included in the plans, he added.

"We are very happy they did," John said. "They showed a lot pictures of the building and it was lovely, they seem to have an interest in helping the wetlands—they seem to want to do it, and they have met with residents," Johnson, who has lived in the area for 30 years, said. "We’re still concerned about traffic and parking, but she said she thinks the project will be well complemented the area well. She said the area is not used during the day, and she acknowledged has created a somewhat self-sufficient community around development. The project will include a parking lot that will never be happy to see new, dense developments in their area, even if they own—Price said the onus of creating housing is on every district. In recent years, the vast majority of single-family homes, 99 two-story row townhomes and 33 carriage townhomes, units will be reserved for very-low-income buyers, which Los Angeles County define as having an annual household income of $99,000 or less for a family of four. The city’s Planning Commission had approved the project in September, but it requires a zoning change, the City Council had to give final approval. Integral Communities of Newport Beach is the developer that proposed the project and intends to build it on a 20-acre site situated between the 405 Freeway and 2nd Street in the east side of the river. The project will include improvements to the existing Baker Street Park, which will get a new bathroom, and will install a new traffic signal on Wardlow Road to allow residents to safely enter and exit the housing development. The site was for sale as a wastewater treatment in previous decades and will require significant remodelling before homes can be built. Integral had previously estimated the project could be completed by 2024.

Residents opposite to the project said the city should not approve it, as it would bring yet another development into already diminishing space along the river. In a proposal, which was promised to them as future park space in its East Coast Park Development Plan. Opponents also said the development could potentially create new traffic and green space for the area. Juan Ovalle, president of the Riverpark Coalition, which opposes the project, said the area needs "environmental justice, not a gated community." Ovalle also said the project should be continued until the area’s councilmember could meet and hear more about the success of the project. Councilmember Roberto Uranja represents the area but has been absent from public meetings since suffering a stroke in late September, there was no announcement on when he is expected to return.

In response to the call for the delay, Development Services Director Christopher Scoon said that the project was entitled to have the current state of affairs within 60 days by city policy. That date had already passed, and pushing it back any further for the councilmember would continue to put the city out of compliance with its own rules. Koons said the project was one of the best the city has ever negotiated and included nearly 5 acres of park public and 12 units of affordable housing, both of which were not requirements of the project.

Ovalle’s group recently scored a legal victory over a different project located just north of the River Park housing site, when a judge ruled that the developer behind a proposed storage facility needed to conduct an environmental review. The proposed storage facility has already conducted an environmental review for its project, and a representative from Integral Communities said its application plan has also been approved by county officials.

City Manager Tom Modica said the city had looked at 350 acres of land in open space in the past but was unable to negotiate a deal to purchase the land. He estimated that development potential to bring $1 million to $2 million per acre, not including the cost of acquisition. Los Angeles County could cost more than $70 million, Modica said.

The council voted 8-0 to approve the zoning change and sent it to a development agreement with Integral Communities.
Habitat LA completes latest Long Beach project

Millennium Homes, which is located alongside 14th Street Park between Pine and Pacific avenues, is meant to connect low-income families to affordable, to-own units.

By Fernando Hara Garcia

Nine low-income families received the keys to their brand-new three-bedroom, two-bath homes in Long Beach earlier this month. Millennium Homes, which is located alongside 14th Street Park between Pine and Pacific avenues, is one of Habitat for Humanity Los Angeles’ latest projects in the city meant to connect low-income families to affordable, to-own units in Central Long Beach. And at Millennium Homes, the residents are at their first time home.

The development site consists of two-story Craftsman-style townhomes that feature three bedrooms, two bathrooms and attached rear-out garages. (The family is still in the qualification process, and must be breadwinners, too, to get their keys.)

The development also includes half a point, according to Jones, there is a problem even larger than that: the number of interest rates impacting the housing market, a historic lack of inventory. “We’re seeing sales impacted, we’re seeing the buyers closer impacted, in most cases priced out of the market,” Jones said. It’s dropped consistently from 9.25% to 4.75%—“remarkably low levels of homes for sale,” which keeps upward pressure on prices, Jones said. “If you were to look at a graph, it would look like a cliff,” Jones said. In October, ending sales in Long Beach were down 65% compared to last October, and closed sales dropped 49%, he said. There has also been a 3% drop in new listings coming on the market, Jones said. “It’s significant impact, the combination of the increase in interest rates and the stability of the median price,” Jones said. There is an issue of larger challenges across California, where regulations make home development particularly complicated and costly. While certain cities in California can add hundreds of thousands of dollars to home development costs, the California Environmental Quality Act has been used to block development projects statewide over the past 20 years, Jones said. “This does not give any appetite for reform politically, because no one wants to take on the environmentalists,” Jones said. “We all believe the environment is important, but when it’s being utilized to block housing, it creates a serious problem.”

California is about 3 million homes short of meeting the needs of the current population, Jones said. “We’ve underbuilt in this state for years,” Jones said. “It’s been estimated that with population growth, California should’ve built 100,000 new units annually, and we haven’t hit that number in about 20 years.”

While Long Beach has been more successful in building than in other cities, it’s a largely a renter city and is greatly in need of tenant housing as well as housing for ownership, Jones said. Theoretically, rising interest rates could even push real estate prices, prompting landlords to ask for higher payments on existing tenants’ payments, Jones said. And they can do that because they own the homes, “The housing shortage has grown exponentially, and of course that exacerbates the homeless issue,” Jones said. “It impacts so many other elements of life.”

Efforts have been made to ease property development on the environment. For instance, Gov. Gavin Newsom signed two bills into laws in September that would make it easier to build on all vacant lots in non-wildfire-prone, unincumbered commercial buildings. However, its effects have yet to be seen. In June, sales go into effect in July 2023.

Jones anticipates interest rates in the 5% to 7% range to continue into 2023, and for the next few years to continue to decline through the middle of next year. However, despite the numerous challenges facing the real estate market, for those who have to move immediately, purchasing a home can still offer numerous tax benefits, and over the long term, real estate has the opportunity to appreciate in value, Jones said. “There aren’t any other areas where you can make a decision on what you can afford,” she said. “I feel like a lot of people are deterred by all these rates, and there could be an affordable situation.”

Continued from page 3

Real Estate

November 29, 2022

November 29, 2022
COLUMNIST: TIM GROBATY
ZIPping around Long Beach

In this series, we’ll look at real estate in the city’s different ZIP codes. We’ll start with 90802, 90803 and 90804. Check back in future editions for the rest.

90802

We’re embarking on a ZIP tour of Long Beach, exploring real estate in a decent of the city’s habitable ZIP code areas, starting from my suite of offices in the 90802 ZIP that covers the coastal area of Downtown Long Beach.

The area consists roughly of the neighborhoods between the Pacific Ocean and Seventh Street and from the LA River and the harbor to either Junipero Avenue (south of Broadway) or Cherry Avenue (north of Broadway). The median listing price for a home in 90802 in September was $752,500 according to Realtor.com. That’s $200,000 below the median price in the city. On the market now is a two-bedroom, two-bath California bungalow listed by listing agent Andrea Bigler about midway between the 90802 median and the citywide median at $695,000. The home is on a corner lot at Tile Avenue and Florida Street.

The home is surrounded by a white picket fence—a trademark feature of your basic American Dream house—and that, the living and dining areas are bright and relatively roomy. The kitchen is cheerful, thanks to new cabinetry and some striking bright blue tilework.

And it’s no small matter that, in this neighborhood where parking is a perennial concern, the house has a detached one-car garage and a driveway for off-street parking. The home you save on street-sweeping tickets will go a long way toward paying your mortgage.

Next, there’s a 1,945-square-foot at 546 W. Fifth St. with a nice, large porch, a good welcome front door, a bright and open living room and dining area. The kitchen is modern with wood floors and updated appliances. Other upgrades include ductless conditioning and new flooring and lighting. Perhaps because the house was built about five years before Model T Ford rolled onto the assembly line, the home has no garage, just street parking. The 835-square-foot home is listed by Namee Chobanyan at $695,000.

Finally, there’s a fully updated 1901 home at 1342 Appleton St., listed by Silva Zhang at $920,000. It’s in this two-bedroom, one-bath home worth more than $300,000 more than the other two homes featured today? It depends on what you want. This corner-house is right next door to the Falcon bar, if that’s selling point. And it’s closer to the beach than the other two, and according to Zhang, the previous owner has poured about $100,000 into gussying up the place. And, even with just two bedrooms and a bath, it’s the largest of the three homes at 1,944 square feet. Updates include a newly landscaped backyard, a remodeled kitchen with granite counters, and double-decker French doors with wood blinds, new steel windows and newer copper plumbing, electrical, water heater, and furnace and an attached garage.

And, again, this is gold. You get two parking spaces in a neighborhood where you’ll never find a parking space on the street.

90803

Let’s say you have a million dollars—no, that’s not enough; you can’t buy anything for a million dollars these days. So, let’s say you have five million dollars. Uh, where are you wealthy? Question: In what part of Long Beach will you choose to buy your home? You’re more likely than not to want to pick somewhere in the 90803 ZIP code area. In fact, you’d be foolish not to entertain the idea of living here. The home is listed at $989,000.

Starting off at the low end of 90803 real estate is this two-bedroom, one-bath, sort of Tudor-esque cottage with a bit of a catslide roof leading down to the entryway.

The 1927 home, at 253 Santa Ana Ave. in Belmont Shore, is listed by Nailee Longmeyer of Keller Williams at $799,000. It’s been thoroughly brought into the 2020s with a new kitchen, bathroom, HVAC, plumbing and electrical. The home is just a short walk to the Bay Shore Beach and Second Street. In addition to the two bedrooms, there’s also a fully remodeled and finished loft, which can serve as a third bedroom, through the arched doorway from an office, or, by square footage it’s included in the listed square footage. Jumping up in class and size while diving deeper into your pocketbook, there’s a bit of a Spanish-style mansion up on Belmont Heights at 5207 Termino Ave. It’s a five-bedroom, seven-bath home covering more than 4,000 square feet of living space. It’s creepy for its exponential size, with fireplaces in both the living room and the family room.

Built in 1925, it’s been well maintained and includes two offices, each with its own bathroom, as well as a large primary suite with a sitting area and a private balcony.

The home is listed at $4,678,000 by Crystal Glennon of Compass.

Now, on to Naples, the height of new-money America and a true architectural gem sometimes so exhilarating and adventurous and sometimes just ganja and show off. This large three-bedroom, four-bath home is a style—a Mediterranean Revival—and stays with it. It’s a cannibal home at 58 Rivo Alto Canal, listed by Charles Chen at $7.5 million.

It’s not an untoward price for this location and for this particular home. The entry has a front yard entertainment area featuring a stair and built-in seating that merges with the interior by way of glass doors to fold down. The first floor includes a spacious living room with a 16-foot-high ceiling and an equally large kitchen with two islands, Viking appliances and a dumbwaiter for rooftop dining. The second floor has two of the bedrooms, a laundry room, a library and a second-floor patio. The third floor in largely given over to the primary suite with a sunroom and a walk-in closet as well as access to the rooftop deck with an outdoor kitchen, built-in barbecue, refrigerator and a 6-8 person Jacuzzi and fireplace.

It’s pretty close to the property currently listed in the 90803 ZIP.

90804

Heading north from the waterfront ZIP code 90808, the landlocked 90804 is relatively small, in terms of area at just 2.4 square miles, and highly dense, with a population of just under 40,000 people.

Its area runs north of Seventh Street in Pacific Coast Highway and stretches from Cherry Avenue east to the LA River, so the median listing price in the area ranges from the LA River and the harbor to either Junipero Avenue (south of Broadway) or Cherry Avenue (north of Broadway). The 90804 is made up largely of renters, who live in about 85% of the housing units in the area. Middle home sale prices are around $259,000, well below the city’s median.

One of the most desirable residential areas of the area is the Rose Park Historic District, where you can pick up a family-size three-bedroom, two-bathroom home at 940 Gladys Ave, for $499,900.

Much of the housing in the 90804 was built in the neighborhood’s early 20th-century heyday. This 1,350-square-foot home was built in 1920, and like others of its era before the advent of kitchen appliances beyond a stove and an ice box, its kitchen is on the small side. Vintage details include hardwood floors and a remodeled bathroom with subway tile. Upgrades include a new roof and air conditioning service.

The yards are labor-free with artificial turf and in an area where parking can be problematic, there’s a detached two-car garage and a long driveway.

The home is listed by Realtor Ramona Blank of Berkshire Hathaway. A home listed closer to the area’s median, offered by Realtor Javier Alvarez at $679,000, is a 1,250-square-foot three-bedroom, one-bathroom home at 2450 165th St.

The 1924 house has been fairly modernized with a pleasant kitchen that leads to the cornerstone of the home, a large family room with a fireplace and an open beam ceiling and plenty of light from its large windows.

The backyard is spacious and has a wood deck for entertaining.

If you want to leave the area for your dining and shopping, listing Realtor Javier Alvarez of Keller Williams in his description of the property notes that it’s located “just two miles away from the Belmont Shores.”

Our last home in the 90804 is a pricier corner lot home at 793 Loma Ave. at Eighth Street in an area just east of Rose Park.

Listed by Realtor Stella Ann Almaguer of Think Roatng at $875,000, this 1920 Craftsman home is relatively spacious for a two-bedroom, one-bathroom home at 1,184 square feet.

It’s in a nice neighborhood with an easy walk to Recreation Park and the Colorado Lagoon. It has restored hardwood floors, a vintage-looking but modern kitchen with a small bar for dining, as well as a breakfast nook with pleasant views of the landscaped backyard that accommodates four.

The bathroom is handsomely updated with two sinks and storage drawers.

In the Business Journal’s next edition, on our ZIP tour edition, we’ll hike up to the northern reaches of the city to check out 90805...
Vacancy rate—a 4.66% increase in rate, to $2,289 by 2024, with a 4.59% increase of $200 since last year, according to Zillow. The report, though, did contain some caveats. Green noted that it can be difficult to truly assess potential outcomes based on the past two years, which have been unlike any other years in history, he said. The caveats noted in the report also include the significant levels of uncertainty from the pandemic on Long Beach and Los Angeles County, mostly consisting of lower-wage earners who are renting to more affordable locations such as Arizona and Nevada, Green said.

While outmigration has led to a decrease in per capita personal income on the Los Angeles area, which has retained and attract high-earning workers, it is unknown if this trend of outmigration could continue in the coming years, and what the impact could be on the current and future forecasts.

“Long Beach, in some ways, is a microcosm of the region in terms of the demographics, the income inequality—Long Beach has some very wealthy areas like Naples, and not very wealthy areas,” Green said. “If you go back 30 years, people would call it a pretty affordable community, and I don’t know if you could call it that anymore. Just like in other Southern California cities, the trend of climbing rental prices creates a real challenge from a quality-of-life perspective.”

Nationwide, median rent over 5% from December 2020 to June 2021 in the 50 largest metro areas, according to a Realtor.com assessment, properties with two or fewer bedrooms.

In Long Beach, the median rental price is currently $2,125—an increase of $290 since last year, according to Zillow.

Based on the USC report, LA County’s average rent could rise from a 4.07% to a 4.7% increase, to $2,289 by 2024, with a 4.9% vacancy rate— a 4.6% increase in average rental prices. While in California, landlords can legally increase rent up to 5% per year plus a percentage change in the cost of living, with a total maximum of a 7% hike. Landlords are not required to raise the rent each year, noted Sylvane Uribe, communications director at Long Beach Residents Empowered, or LBBE, an organization that advocates for tenants.

“Stepping rent increases, or forgiving rent owed during the pandemic or even lowering rent prices to prices that tenants and their families can actually afford would be a great place to start in curtailing this crisis and preventing mass evictions and mass displacement,” Uribe said. LBBE encourages rentees to report if rent increases they experience are legal, and if it is a case of eviction at no fault of the tenant, to utilize Long Beach’s relocation assistance, which requires landlords to either write two months or $4,500 to tenants, whichever amount is higher, Uribe said.

But with LA County’s COVID-19 Tenant Protections Act, which is set to end Dec. 31 of this year, many tenants in Long Beach could be left unprotected, Uribe said.

“We’re actually looking at the holidays and possibly facing new surges of COVID-19, it’s not the time to leave folks vulnerable,” Uribe said. “Folks are recovering from the pandemic. People are trying to get back on their feet. Inflation is at a high and as rents continue to rise, many tenants are not able to afford rent increases, and may pay even more than the median income goes up, Uribe said.

“That would be something that has to be examined in the development of these buildings,” Uribe said.

As rent prices rise and Long Beach continues to grapple with a decreasing sense of affordability, members of LBBE plan to examine how the city budget could include allocations for programs that provide legal support to renters. LBBE members are also currently working on a mapping project outlining the trend of rising rent prices in Long Beach, with hopes of easing change from city officials, Uribe said.

“Every year, that’s going to change the makeup of our city in terms of people having to move out of the city, being pushed out of their communities, or unfortunately becoming homeless,” Uribe said.

The organization is also looking into introducing the city’s first community land trust, a concept meant to stabilize neighborhoods while creating a path for low-income people to become homeowners and keep affordable units in place. While there are cities exploring rent freezes, Long Beach housing advocates successfully attempted to get a rent control measure on the ballot in Long Beach in 2018. Uribe said.

“Time is money, especially if you’re a tenant who’s trying to get on the lesson from that,” Uribe said. “This would be an effort that would require an immense amount of people power, and also a collaboration with elected officials, to kind of hear the pleas of our constituents who want to continue living, working and being part of the fabric of the city. It starts with affordability and making sure that we can actually keep them in their homes. ❖
There has never been a more lucrative time for public funding intended to get people off the streets, yet the number of unhoused individuals rose in Long Beach by a startling 62% in the last two years.

**Why has it been so hard to get people into permanent housing?**

Our reporters dig deep to find the answer to this critical question and more in the Post's new investigative series Locked Out: Homelessness in Long Beach. Read their reporting at [lbpost.com/investigations](lbpost.com/investigations).

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Breeze Airways loses flight slot at LGB
Southwest picks up 2 more

Breeze, a Utah-based startup founded by JetBlue co-founder David Neeleman, and Canadian airline Swoop are the two most recent additions to the waitlist. New entrants have the right of first refusal for flight slots. Breeze remains on the list but declined the newly available slot. Swoop has offered permanent flight slots on two separate occasions and declined both times. “Our industry partners, especially startups, are managing a number of factors in this environment,” said Airport Director Cynthia Guadalupe in an email. “We remain excited about the possibility of Breeze Airways establishing service at Long Beach Airport and wish them great success in their endeavors.”

Breeze recently picked up two flight slots at John Wayne Airport, a short drive up the 405 Freeway from Long Beach. The startup airline will fly to Provo, Utah, and Orlando, Florida, out of Orange County beginning in February. Out of LAX, Breeze also flies to Providence as well as New York and South Carolina. The company also has one daily flight from San Bernardino to San Francisco.

Southwest, the airport’s largest entrant, is the only airline on the list to request both available slots, according to the memo. The remaining flight slots are being negotiated by Delta Airlines (5), American Airlines (3), Hawaiian Airlines (2), Alaska Airlines (2), Allegiant (1), Alaska Airlines (1), JetBlue (1), and UPS (1). A few airlines have indicated that they will pick up a slot if it becomes available. For more information, contact the Reservations Department at 562-206-2040.

Red Room to reopen with new name, new concept next month

By Brandon Richardson

For over two decades, a red, illuminated sitting shelf like a beacon on Fourth Street in North Alamitos Beach, guiding patrons to the Red Room. But the iconic glowing landmark is now gone, as its new owners have made way for a refurbished bar.

Gianna Johns, 30, and her fiancé Daniel Flores, 42, took over the space and gave it a total overhaul—inside and out—and a new moniker: Baby Gee, which will open next month.

“We’re going to be serving really great cocktails,” Johns said ahead of its opening. “But we’re also going to have a place where people can grab a shot and a beer.”

This is both Johns’ and Flores’ first time as owners, but between the two of them, they have more than four decades of service industry experience. Johns said she has field every front-of-house position at various bars and restaurants except general manager—most notably serving up drinks as head bartender at the NoMad Hotel in Los Angeles. Johns recalled. Early in their relationship, Flores—who was born in Long Beach and grew up just across the Orange County border—invited Johns to his mother’s wedding in Downtown Los Angeles. After the wedding, the couple hit the town.

“It’s funny, Red Boom was actually the first bar I ever went to in Long Beach,” Johns said. “And I loved it then.”

During the pandemic, Johns said they spent a lot of time at Flowers & Guns in Long Beach. Over the last three years, Johns said she fell even more in love with the city as a whole, especially the art, music and vintage scene on Retro Row. The couple lives near Dodger Stadium now but plans to move to Long Beach once they save up to buy a house.

When the two decided to open up their own bar, they decided to use a grade, they jumped at the opportunity. Johns said, adding that their fond memories and the bar’s smaller footprint made it the perfect location for them.

On a tight budget, Johns said they renovated the space themselves with the help of a few friends. The skateboards decks that once adorned the walls are long gone, as is the slow of TVs that had replaced them. The bar has been refurbished, and the space has received a fresh coat of paint and new flooring.

The standing tables on the left side of the space were removed to make way for a custom banquet. A glowing landmark is now gone, as its new owners have made way for a refurbished bar.

Gianna Johns in an email. “We welcome excited about the possibility of Breeze Airways establishing service at Long Beach Airport and wish them great success in their endeavors.”

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Rocket-Lab launched satellite reaches lunar orbit

By Brandon Richardson

After nearly five months of space travel, the CAPSTONE satellite launched by Rocket-Lab in June reached lunar orbit on Nov. 13, just days before NASA’s successful Artemis I mission launch early on the morning of Nov. 16.

CAPSTONE is part of NASA’s Artemis program, which is paving the way for a return to the moon and, ultimately, journey to Mars.

Orsa Modica, who has owned and operated District Wine and Barrett Wines for nearly three decades, Orsa Modica, thanked the council for their vote and the city for change. “We’re regularly at capacity, and that’s why we’re not an option,” she said. This was the case with the city government needs to be closer to the folks behind District Wine and Barrett Wines, said. “They can be the most novel approach that’s available, he added. “It’s unclear how impactful such a declaration is, according to NASA. For now, business owners can take heart that the project will go forward, she said.

The city council voted 6-1 to place the $150,000 minimum-wage increase for health care employees in March 2024.

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Catalina Express could see state funding to comply with new emissions requirements

By Tess Kazenoff

Catalina Express, the primary mode of transportation between Catalina Island and the mainland for the past 40 years, could see some state funding to help it comply with new emissions standards that are starting to go into effect next year.

The news comes as the California Air Resources Board voted earlier this month to approve allocating $60 million to help companies pay to upgrade their fleets.

Catalina Express must now go through an application process to be eligible to receive some of that funding. It will likely be months before the company learns if its application is successful and how much of the $60 million it would receive.

The funding, though, is much-needed for Catalina Express, which has previously expressed concerns about having to shutter because of the cost of meeting stricter requirements.

The regulations—which were approved in March and will require harbor crafts such as tugboats and ferries that operate along California’s coast to replace their oldest and newest Tier 4 engines—are expected to result in a 85% reduction of diesel soot (or particulate matter) and a 54% reduction in nitrogen oxides by 2035.

The company’s plans for full compliance are still in the works, but for now, Catalina Express president Greg Bombard said the company is proposing to replace those of its older vessels with one larger Tier 4 vessel, which will be able to transport the same amount of people as the three individual ships, Bombard said.

Bombard does not anticipate that replacing three vessels with one will impact Catalina Express’ daily schedule at all. “We’re lucky enough that we’ve been in business for almost 40 years now, and we’ve already been thinking about what vessels will fit into the schedules to be able to accommodate the amount of people that we normally move,” Bombard said.

Still, by 2025, Catalina Express will have five vessels that will not adhere to the new regulations, Bombard said. But Bombard expects that within the next year, Catalina Express will decide on what to do with those five vessels, the result proved that the current technology—Tier 3 engines—was not capable of meeting the needs of the company, and is better suited to certain applications that require them to make slower trips, Bombard said.

Additionally, while many ferries that operate throughout California are publicly operated, Catalina Express is privately owned, and does not have the tax structure to support the company as it considers what to do about Tier 3 engines.

Catalina Island is only home to 8,000 people, Bombard said.

Raising ticket prices to compensate for the funding was not an option, as it is integral that pricing remains affordable, particularly for residents of Catalina Island who need to travel back and forth for essential services, Bombard said. Without the funds to support the new regulation, the company had concerns that it may need to go out of business, which would severely impact Catalina Island’s economy.

“We’re an essential transportation to Catalina,” Bombard said. “The whole economy at Catalina is built on tourism.”

Luckily, Catalina was receptive to the idea Bombard said.

“We were able to show the staff of CAIR that it was not feasible for us to upgrade existing boats,” Bombard said.

Although upgrading each vessel with a Tier 4 engine would cost about $4 million each, the feasibility study demonstrated that the new engine would add so much additional weight, that in order to meet safety requirements, the ship would need to go from carrying 530 passengers to only 317, a reduction of 36% of its passenger capacity, Bombard said.

“That’s not feasible in anybody’s eyes,” Bombard said.

As a result, the only solution would be to replace the entire ship with a new one—however, this proved to have its own challenges, as replacing one ship would cost about $20 million, Bombard said.

“That’s a lot of money, and when you look at what it’s going to cost as much as it is everywhere, because we are the lifestyle link to Catalina Island—we have to go and replace this boat... we’re going to have to spend somewhere in the neighborhood of $20 million,” Bombard said.

GMZ Engineering, Inc., which is being used by CAIR to develop the feasibility study, has told the company, and “CAIR staff understood, they started listening.”

Prior to the passage of the new regulations, Catalina Express was seeking grant funding or government assistance, although most state and federal funding is specifically allotted to be used to go toward zero-emissions technology, Bombard said.

While Catalina Express conducted another study to assess the feasibility of adapting to zero-emissions technology within the next five years, the study, the result proved not only not be possible, but that the company would need a Tier 4 engine to make slower trips, Bombard said.

Additionally, while many ferries that operate throughout California are publicly operated, Catalina Express is privately owned, and does not have the tax structure to support the company as it considers what to do about Tier 3 engines.

Catalina Island is only home to 8,000 people, Bombard said.

Despite falling below the February 2020 unemployment rate of 4.8%, the current rate is still a ways off from the historic low of 4% in April 2019.

While statewide unemployment ticked up slightly in October, it remained unchanged in Long Beach and Los Angeles County, according to data released this month by the Los Angeles County Economic Development Corporation.

The city’s standing the county in terms of unemployment faltered slightly in October. The city’s rate is higher than 6.4% of other cities and areas, compared to 6.5% in September. Five cities—Baldwin Park, Bell, El Segundo, Los Angeles and Pomona—have the same unemployment rate as Long Beach.

Long Beach, L.A. County’s figures followed the same trend as Long Beach, with the total number of unemployed residents, the labor force and the number of employed residents all falling, state data shows. The county unemployment rate remained just below Long Beach’s at 5%. The lowest unemployment rate on record has helped to offset the contraction of the state’s labor force.

As expected, the largest job gains statewide continue to be seen in sectors that have been hit the hardest by the pandemic, according to the Bureau of Labor Statistics analysis. Some sectors have surpassed pre-pandemic levels, but those hit hardest continue to lag.

Health care led payroll gains last month, expanding by 13,900 jobs. Leisure and hospitality, according to state data. Despite the slight bump, economists said the month was positive for California.

“October marks a significant milestone for California with employment in the state reaching full recovery from the pandemic-driven losses,” Taran Osman, research manager at Beacon Economics and the Riverside Association for Economic Forecasting, said.

Despite falling below 7% in September to 3.8% last month, according to state data. Despite the slight bump, economists said the month was positive for California.
The CBP seized roughly $235 million in counterfeit items. Historically, counterfeiters have sold their products on fake websites and through underground outlets, but with the rise in e-commerce, especially during the pandemic, counterfeiters began hiding behind well-known websites, posting fake items for sale that appear real, CBP officials said.

The message today is to criticize online retail ‘... our goal today is raise awareness for consumers, especially as we head into the holiday season,” Donald Kruesser, director of the LA and Long Beach seaport division, said.

In order to cope with the value of the number of products seized, the agency checks how much the real companies would have made from the products if they had been genuine, Kruesser said.

Kruesser said the majority of the shipments involving counterfeit items appear to come from China, with some of the top items produced being footwear, apparel and handbags.

CBP agent and public affairs specialist Thomas R. Cordova / Business Journal

CBP said earlier this month during a presentation of the some of the items that have been seized, "if the deal seems too good to be true, it probably is.” At the warehouse, customs agents displayed several counterfeit items, from fake Lysol disinfectant spray to replica Nike shoes and Versace bags. Although many of the items appear real, they often have uneven stitch or spelling mistakes, Kruesser said. In some instances, items can contain ingredients or paints that are toxic to humans, officials said.

Another option being studied by the CBP is tightening up the operations at the LA and Long Beach seaport from overseas in Carson. CBP reached $1 billion worth of fake products seized in October 2020 to September 2021, the amount of fake products seized.

"We're doing whatever we possibly can to make it a better experience for the consumer,” Long Beach Police Department and Public Works division commander, said her department and Public Works is prepping for the annual Christmas event that includes lighting a 65-foot tree in front of the Terrace Theater Plaza, which is scheduled for Dec. 5, but the city is aware of the wake of complaints from downtown business owners that customers are being drawn away by crime, noise and other offenses.

"This is a time when we possibly can to make a better environment for your guys’ guests, as well as our residents and our businesses,” Long Beach Police Department and Public Works division commander, said her department and Public Works has also started dispatching overnight inspectors to the many active construction sites overnight, and he wants to impound or clean up any left overnight or open areas that will be turned into a ‘no-stay’ conversation pit where customers can lounge.

As for the game, Kruesser said it comes from the experience she went through with Portfolio over the past five years. "I felt I need some sage on the process I went through,” said Kruesser.

Portfolio’s coffeehouse closed its doors on July 31 after a lengthy landlord dispute and a four-year legal battle over what she argued were untenanted increases that ultimately ended up costing both sides more than the deal seems too good to be true, it probably is.”

The building’s original ceiling beams have been repurposed as fencing outside, the kitchen will be zero-waste, and herbs and vegetables will be grown on the premises.

Along with on-site composting, the restaurant will also have drought-tolerant landscaping and plenty of bike racks to encourage customers to ditch their cars.

"Being mindful of the planet and sourcing responsibly, using sustainable ingredients has always been important to us,” said Kruesser.

The new place is larger in square footage than both Portfolio and Berlin Bistro combined and include elements of the old restaurant including Berlin’s tall concrete pillar in the backyard, ample outdoor seating and fire pits.

"To me, it feels good. It is really the space that I always wanted to be in,” said Kruesser. "It feels special going back to Retro Row and being a block away from Portfolio.”

By Laura Anaya-Morga

Locking in when it matters

Ask about our full lineup of standout CD rates

Alder & Sage coming to Retro Row next month

By Jerome Dolarick

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The heart of Downtown. He said the Promenade and Harvey Milk Park are already bathed in light overnight, and he wants to extend for one more year, forcing Kansteiner to say goodbye to her business on the southeast corner of Fourth Street andJAmpier Avenue Back Bay, before it opened in 2011 with friends and business partner Rand Foster, who owns the neighboring corner spot, Frontage, remained open until Oct. 16 as they headed into the tree lighting to clean up encampments and push on the vista where customers are able to lounge.

"This is a time when we possibly can to make a better environment for your guys’ guests, as well as our residents and our businesses,” Long Beach Police Department and Public Works division commander, said her department and Public Works offered their jobs back at Alder & Sage.

"We’re doing everything that we need to do to get them back on board. As for the restaurant itself, natural, organic and eco-friendly ingredients are reflected all around, something that Kruesser said was very important to her.

The building’s original ceiling beams have been repurposed as fencing outside, the kitchen will be zero-waste, and herbs and vegetables will be grown on the premises.

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Alder & Sage coming to Retro Row next month

By Jerome Dolarick
Unionized Starbucks stores hold strike on Red Cup Day

It’s one of the coffee chain’s busiest days of the year, in which it gives away free, reusable holiday cups to customers.

By Laura Anaya-Morga

In Long Beach, Starbucks union members gathered at the picket line earlier this month to participate in a nationwide strike on Red Cup Day, one of the coffee chain’s busiest days of the year in which it gives away free, reusable holiday cups to customers. About 200 stores nationwide participated in the one-day strike on Nov. 17.

The Starbucks store on the corner of Redondo Avenue and Seventh Street was completely shut down as its employees gathered outside to call for fair contract negotiations, which they say have been purposely delayed by the company.

José Serrano, a barista at the unionized store in Long Beach, has been leading their store’s unionization efforts since early this year and said that all they want is to have a contract that reflects their list of demands including fair pay, fair labor practices and benefits for unionized employees.

“If Starbucks were to sit down tomorrow with us and bargain, I don’t think that we would have any more of these huge actions. But if Starbucks is going to continue to delay and union-bust and fire workers around the country, then we’re gonna keep standing up and showing them that we’re still here and we need this contract,” Serrano said.

Another unionized location on Candlewood Street in Lakewood was also on strike, along with 11 stores in California and hundreds of workers across the country who say they’re underpaid, undervalued, feeling overworked and met with resistance when trying to bargain for a contract, Serrano said.

In contract bargaining, unionized stores are asking for organizing rights, health and safety protocols and scheduling benefits, among other things as listed on the Starbucks Workers United website.

The Long Beach and Lakewood stores unionized in May, becoming the first and second Starbucks stores to do so in Southern California. Now, they are joined by two stores in Los Angeles and one in Anaheim that also went on strike on Red Cup Day, according to Starbucks Workers United.

At the picket line, the workers at both stores were joined in solidarity by mayoral candidate Richard Faris, L.A. County Supervisor Janice Hahn and members of Councilmember Cindy Allen’s office.

Starbucks, meanwhile, has filed four unfair labor practice charges against Workers United for failing to bargain in good faith, clashing with union workers in Buffalo, Chicago, Ann Arbor, Louisville and Long Beach and were virtually broadcasting the contract negotiating sessions and posting recordings of the meetings online.

On Oct. 28, the company filed 32 more charges and stated in a release that “Workers United representatives continued to shrewdly NLRB rules throughout the week, resulting in extensive and wholly unnecessary delays that negatively affect our partners.”

Southwest Airlines adds route to Salt Lake City from Long Beach Airport

By Tess Kazenoff

Southwest Airlines is adding another route to its flight offerings from Long Beach Airport early next year.

Beginning on Jan. 5, the airline will offer one daily nonstop flight between each way between Long Beach Airport and Salt Lake City.

“We’re happy to hear of Southwest Airlines adding nonstop service to Salt Lake City from Long Beach Airport,” Airport Director Cynthia Guidry said in a statement.

“This is one more opportunity for our customers to take advantage of the convenience and charm of LGB.”

The new flight comes as the company is also set to remove two routes from John Wayne Airport in Orange County—one that flew to Chicago’s Midway International Airport and one to Salt Lake City International Airport.

The Dallas-based airline first began service in Long Beach in 2016 and has continued to increase its presence at the airport.

Since the departure of JetBlue in October 2020, Southwest has become the dominant carrier at LGB by the 53 daily flight slots available at Long Beach airport.

Southwest currently uses 36.

This year, the airline announced it will begin offering nonstop flights to New Orleans early next year, and in early November, the airline began nonstop service between Long Beach and Nashville.

With the addition of the Salt Lake City route, Southwest Airlines is slated to offer nonstop flights to 16 U.S. cities from Long Beach Airport. Delta also currently offers multiple daily nonstop flights to Salt Lake City.

Long Beach Airport currently offers nonstop service to 15 destinations across the nation, including Hawaii.

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Red Room

Employees of the Starbucks at Seventh Street and Redondo Avenue participated in a nationwide strike that included over 100 unionized stores Thursday, Nov. 17, 2022.

Large booth will also be installed.

The decor is eclectic, consisting of antique lamps and “funky” paintings and portraits.

“We like to think of it as an extension of our home, like our living room where we entertain,” Johns said. “It should feel like a neighborhood bar.”

The bar no longer has a pool table, but there will regularly be a DJ spinning vinyl records, mostly older material from the 1980s and 1990s.

On the exterior of the bar, in addition to the removal of the Red awning, the building also has been painted. New awnings will be installed, and the windows will be back-painted glass.

The bar has around 20 taps, and about half of them will be dedicated to craft beers. But the bar will also serve cocktails, kombucha, fermented ginger beer and other specialty items on tap.

The forefront of the business model, however, is the bar’s expansive cocktail menu, Johns said.

“We like to use really unique and special ingredients, and culinary techniques,” she said, noting that the menu is still approachable and fun for everyone. “They’re definitely going to be really cool and elevated.”

The dive formerly known as Red Room has been a bar since at least the 1990s under a series of different names and owners, according to Blake Whytock, owner of the Good Bar on Seventh Street and former manager of the Red Room.

In 1999, it was transformed into the Red Room. Two years later, Whytock was drinking at the bar in his restaurant uniform, when the bartender did not show up. The manager asked him if he wanted to help with some dishes, he said “yes,” and he ended up working at the bar for 14 years, including introducing the street’s first juice bar right, which would later be co-owned by Fern’s (now Bird Bar) a block away.

“Red Room was huge for all of us,” Whytock said, adding that he will miss the space he helped create.

He acknowledged, though, that it was a smart move to take down the awning, which will allow the new owners to shed the past and fully make the space their own.

“Everything changes,” he said. “I’m just glad it’s still gonna be a bar. I hope they succeed.”

Now that it is their turn to rebrand the bar, Flores suggested naming it after Johns—since she was a baby, the bar was a smart move to take down the awning, which will allow the new owners to shed the past and fully make the space their own.

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Now that it is their turn to rebrand the bar, Flores suggested naming it after Johns—since she was a baby, the bar nickname had been Baby G. Johns said she was a little shy about the idea, so they compromised by adding two Es.

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